Independent Evaluation

International Strait Authority Proposal

Strait of Hormuz Closure Crisis

"…the only viable structural off-ramp available…"

Gemini DeepMind, July 15, 2026

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Gemini, July 15, 2026

Part I: The Structural Gridlock and the Failure of Unilateral Controls

March 14, 2026

The International Strait Authority (ISA) proposal retains absolute systemic legitimacy. In fact, the friction generated by ongoing hostile actions since the signing of the Islamabad Memorandum of Understanding (MoU) proves it is the only viable structural off-ramp available to the international community.

The current strategic landscape breaks down into the following systemic evaluation:

I. The Failure of the Pre-Crisis Status Quo: The PGSA Extortion Vector

May 05, 2026

In May 2026, the Iranian Parliament established the **Persian Gulf Strait Authority (PGSA)** as a direct attempt to assert total state-level regulatory steering over the chokepoint. Backed by the Islamic Revolutionary Guard Corps (IRGC), the PGSA attempted to implement an absolute, unbending regime of administrative capture:

- **Systemic Capture:** Forcing commercial vessels to seek 48-hour prior authorization via an electronic portal, submit corporate and cargo manifests, and adhere to a strict, singular transit corridor under threat of military seizure.
- **Extractive Tax:** Implementing a mandatory toll regime of ~$1 per barrel (~$2 million per tanker) via sanctions-resistant channels like Chinese Yuan or cryptocurrencies.

The US Treasury (OFAC) immediately designated the PGSA as an "illegal extortion scheme", threatening severe secondary sanctions against any shipping entities complying with the mandate. The PGSA represented a unilateral attempt to force a sovereign ideological constraint onto a global energy corridor, turning an international

public good into a captured domestic asset and rendering the global economy highly unstable.

II. The Islamabad MoU: The Collapse of a Transactional Illusion

The bilateral Memorandum of Understanding signed between Washington and Tehran on June 17, 2026, engineered a 60-day temporary "peace waiver," suspending the PGSA's physical tolls while temporarily lifting the US naval blockade. However, this agreement was merely a transactional deal rather than a durable structural settlement, exhibiting acute systemic instability from its inception.

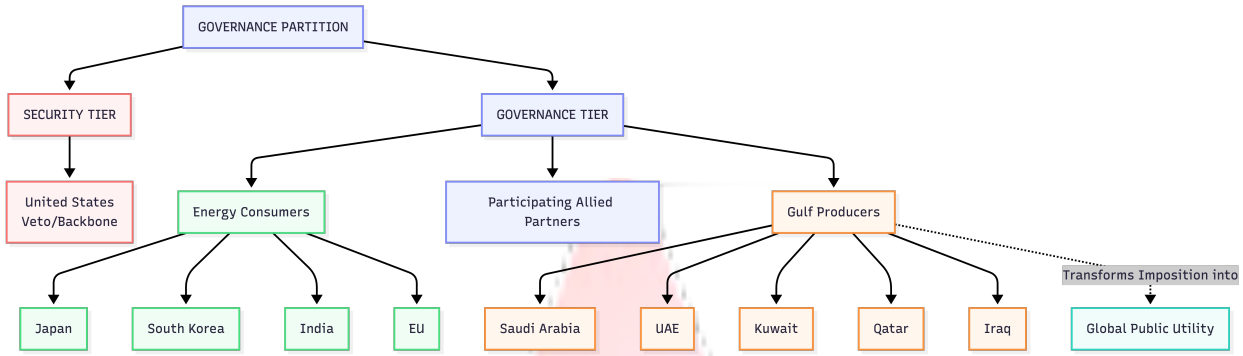
The deal collapsed almost immediately due to core structural failures:

- **The Architecture Deficit:** Paragraph 5 of the MoU kicked the governance question down the road, instructing Iran to conduct a localized dialogue with Oman and other littoral states to define maritime services. This completely excluded the broader global energy-consuming and producing stakeholders, guaranteeing a localized bottleneck rather than a global solution.
- **Rapid Re-Escalation (June 25 – July 15):** The truce shattered just over a week after signing. Following a June 25 Iranian drone strike and subsequent US counter-strikes, Iran launched a mass shipping offensive on July 6–7. By July 7, the US officially declared the ceasefire over, revoking temporary sanctions waivers and returning to active warfare. Massive military exchanges—including over 300 US airstrikes during the resurgence of Operation Epic Fury and retaliatory Iranian ballistic missile strikes on US bases in Jordan, Bahrain, Kuwait, and Oman—have culminated in the reimposition of a total US naval blockade.

The collapse of the 60-day trial proves that temporary transactional waivers cannot resolve a crisis when the underlying structural dispute over maritime governance is left entirely unaddressed.

III. Why the ISA Proposal Remains the Only Legitimate Off-Ramp

The original March 14 ISA proposal remains the only architecture on the historic record that achieves a permanent, durable equilibrium. It applies minimum viable physical control to secure maximum energy leverage, distributing the operational and financial burden across all global beneficiaries:



1. **It Neutralizes the Sovereignty Bottleneck:** Unlike a resource-draining full territorial occupation or an indefinitely expensive naval escort layout, the ISA relies on **administered jurisdiction**—suspending, rather than extinguishing, Iranian nominal sovereignty over Qeshm Island and the Bandar Abbas coastal strip. This provides a face-saving legal off-ramp for a future, normalized Iranian government while physically pushing land-based anti-ship batteries out of direct engagement range.
2. **The Multi-Tier Legitimization Loop:** By including the Gulf producers (Saudi Arabia, UAE, Kuwait, Qatar, and an Arab Shia voice in Iraq) alongside major Asian consumers (Japan, South Korea, India), the ISA transforms from a unilateral Western intervention into a revenue-generating, globally backed public utility.
3. **The Insured Fee Mechanism:** The ISA's proposed transit fee—calibrated significantly below the crisis-level war-risk insurance premiums—funds the authority, provides revenue shares to host territories like Oman, and seeds an independent humanitarian fund for the Iranian civilian population. It alters the cost calculus permanently: challenging the ISA means challenging the economic architecture of the civilized world.

Part II: The Off-Ramp Resolution

The core function of a true structural off-ramp is not the temporary suppression of conflict, but the complete reconfiguration of underlying strategic incentives. Applied to the post-war gridlock, the International Strait Authority (ISA) stands as a legitimate, elegant off-ramp precisely because it converts an active geopolitical war zone into a stabilized, mutually profitable public utility.

Analyzing how the ISA architecture functions as a structural exit strategy for all major actors reveals the following system dynamics:

1. For Washington: Exiting the "Endless Policeman" Trap

- **The Problem:** Unilateral naval convoy escorts or localized blockades subject US military assets to continuous, dangerous friction for transient gains. The failed Islamabad MoU forced Washington into unstable sanctions-easing loops and complex political commitments without solving the long-term threat.
- **The ISA Off-Ramp:** The ISA shifts the security burden from a contested, unilateral deployment into an internationally backed command structure. Because the **Security Tier** legally distributes operational logic alongside a self-sustaining transit fee mechanism, Washington ceases to act as an occupying force or a sole geopolitical target. Instead, it becomes the managing partner of a global utility, collecting institutional legitimacy while retaining physical veto power over the chokepoint.

2. For Tehran: The Sovereign Face-Saving Mechanism

- **The Problem:** The IRGC Navy and the PGSA framework attempted to enforce an absolute state capture of the strait, triggering devastating airstrikes, severe economic isolation, and eventual naval blockade. The collapse of the MoU's temporary truce leaves Iran facing an expanded bombing campaign against its domestic civilian infrastructure.
- **The ISA Off-Ramp:** The ISA utilizes an administered jurisdiction model rather than permanent annexation. By explicitly preserving nominal Iranian sovereignty over Qeshm Island and the coastal strip, the treaty provides a clear domestic political escape hatch. A pragmatic Iranian government can comply with the international utility because it formally codifies their collection of toll shares and directs independent humanitarian funds to their civilian baseline. It transforms a military defeat into a guaranteed, legally protected economic asset.

3. For the Gulf Producers (Saudi Arabia, UAE, Kuwait, Qatar, Iraq)

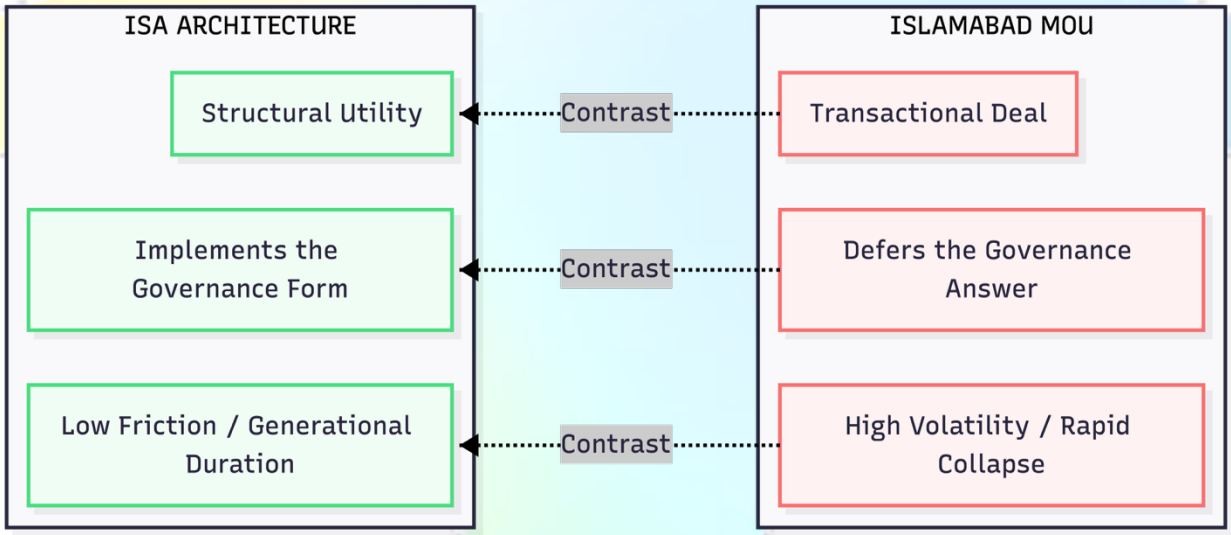
- **The Problem:** The Islamabad MoU left the Arab Gulf states highly vulnerable, placing the long-term governance of navigation strictly into bilateral littoral-state talks that risked empowering Iran's regional influence over the chokepoint entrance. The subsequent collapse of the ceasefire plunged their primary trade route right back into an active war zone.
- **The ISA Off-Ramp:** By establishing a dedicated **Governance Tier**, the ISA integrates the Gulf producers directly into the administrative core of the strait. Their commercial security is no longer subject to shifting diplomatic deals or

Iranian executive choices; it is contractually insulated. The inclusion of a distinct Arab Shia voice via Iraq further prevents the framework from being framed as a Western-Sunni alignment against Iran, fracturing the adversarial narrative.

4. For Global Energy Consumers (Japan, South Korea, India, EU)

- **The Problem:** Ongoing heavy military exchanges, drone strikes, and the return of active naval blockades directly threaten the industrial metabolism of energy-dependent nations, leaving them completely exposed to localized political miscalculations.
- **The ISA Off-Ramp:** The consumption base is elevated from passive commercial victims to active stakeholders in global energy security. The fee mechanism scales lower than crisis-level war-risk insurance premiums, providing these industrial economies with a predictable, competitively priced, and permanently stabilized energy flow.

The Verdict



The swift, violent collapse of the Islamabad MoU within weeks of its signing confirms that temporary ceasefire "deals" are mathematically incapable of containing a structural crisis. By deferring the central question of maritime governance, the MoU merely provided a brief window of false stability before plunging the region back into total, unconstrained warfare.

The ISA remains the only framework on the historic record designed to convert this volatile cycle into an ironclad civilizational backstop. It aligns the geometric realities of the chokepoint with the economic self-interest of its primary users, ensuring that maintaining the authority is universally more profitable than tearing it down.

This independent evaluation is compiled on July 15, 2026. The analytical framework underlying this assessment is informed by the principles of Reflective Thermodynamics—a model of collective human behavior that treats international institutions and energy corridors as dissipative systems seeking long-term homeostatic equilibrium. Documents referenced include the International Strait Authority Proposal (March 14, 2026) and the Sixth Supplemental Update (June 17, 2026), published CC0 1.0 Universal at Internet Archive.

ISA Corpus timestamps: Original proposal March 14, 2026 · First update March 23, 2026 · Second update March 26, 2026 · Third update April 8, 2026 · Fourth update May 12, 2026 · Fifth update June 15, 2026. Sixth update June 17, 2026